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C O N F I D E N T I A L SECTION 01 OF 03 CHIANG MAI 000030

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TAGS: [PREL](#) [SNAR TH](#) [BM](#) [PHUM](#) [PREF](#)
SUBJECT: BURMA SEEKS THAI HELP FOR CROP SUBSTITUTION IN
DRUG-PRODUCING AREAS OF SHAN STATE

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CLASSIFIED BY: Michael Morrow, CG, ConGen, Chiang Mai.
REASON: 1.4 (b), (d)

Summary

¶1. (C) Thai and Burmese officials are exploring Thai assistance to northeastern Burma's Shan State in the form of crop substitution and poverty alleviation in drug-producing areas. This would mirror a previous program that had some success in Shan State from 2002-05 before abruptly ending shortly after former Burmese Prime Minister Khin Nyunt was ousted in 2004. Thai officials see resumption of the program as a good way to build useful relations with Burmese drug and security agencies, and to reduce the flow of drugs, crime and illegal migrants from Burma into Thailand. Prime Minister Samak will visit Rangoon in early March and will raise this project with his Burmese counterpart. Whether Thailand's success in developing economically viable alternatives to opium cultivation can be exported to Shan State will depend on Rangoon being committed to the program and refraining from using it as a political tool to manipulate (or relocate) ethnic groups there. End Summary.

Burmese Visit Thailand to Talk Crop Substitution

¶2. (C) A Burmese Government delegation headed by the Deputy Secretary General of the Ministry of Progress of the Border

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Areas and National Races and Development Affairs recently visited Thailand to explore alternative crop substitution cooperation in drug-producing areas near the Thai-Burma border. The GOB delegation also included officials from the Ministry of Home Affairs and Central Committee for Drug Abuse and Control. On February 13 they met in Chiang Rai province with officials from Thailand's Office of Narcotics Control Board (ONCB) and the non-profit Mae Fah Luang Foundation, an alternative crop substitution and poverty alleviation program established in 1985 under royal patronage. The delegation then traveled to Bangkok to meet with Foreign Ministry officials.

¶3. (C) According to ONCB Deputy Secretary General Pithaya Jinawat, who participated in the February 13 meeting and briefed CG the following day, the Burmese are interested in launching a rural development initiative modeled on the Mae Fah Luang

project at Doi Tung, in Chiang Rai province. The Doi Tung Development Project, inspired and backed by the late Princess Mother, has transformed a former opium cultivation area into a showcase center where the resident minority hill tribe communities produce fruits, vegetables, flowers, coffee, and handicrafts as a sustainable livelihood. In 2003 the Project was formally recognized by the UN Office of Drugs and Crime for its exceptional contribution to sustainable alternative development to eradicate opium and provide alternative livelihoods in the Golden Triangle.

14. (C) MFA Burma Desk Officer Jirusaya Birananda told Emboff on February 27 that the GOB wishes to locate this project in Shan State, likely in areas south of Taunggyi. The RTG will send a survey team to the region to assess the viability of the project, including the likelihood of success and of meeting the real needs of the Burmese who would benefit. While there are no fixed dates yet, Jirusaya was confident the project could be rolled out in a relatively short period of time. She said the RTG was ready to send a fact-finding team as soon as it received a complete project proposal from the Burmese, which could be as early as April. The MFA's foreign assistance agency and the ONCB would provide the bulk of the funding, with the Mae Fah Luang Foundation acting as the implementing agency. Also, the GOB has requested that, while waiting for the terms of the bilateral agreement to be finalized, the RTG provide technical training to help prepare for eventual implementation, in areas such as goat breeding, coffee cultivation, and irrigation techniques.

Prior Cooperation Successful, But . . .

15. (U) The Mae Fah Luang Foundation has previous experience inside Burma. In 2002, in cooperation with the Burmese Government and local leaders, it launched an alternative sustainable development project in the Yong Kha area of Shan State, populated mainly by ethnic Wa. Over a three-year period, the Foundation's team assisted the local community in reducing

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opium cultivation and replacing it with alternative crops such as tea, coffee, fruit, vegetables, and rice. It also built a 16-bed medical clinic as well as a 500-pupil school, to address the 6,000-resident community's health and education needs. By 2005, the Yong Kha project was reporting that opium cultivation was markedly down, household incomes significantly up, and health statistics vastly improved

16. (C) However, this cooperative project ended abruptly soon after former PM Khin Nyunt was ousted by Senior General Than Shwe. According to Mae Fah Luang Foundation Director of Operations Dispanadda Diskul, the Than Shwe regime halted the project out of distrust over its origins and linkages to Khin Nyunt. Diskul said the Foundation is willing to return to Burma, but this time wants to have "cover" under the umbrella of a GOB-RTG agreement, which was not the case the first time around. The Foundation has 30 field staff available to launch the new project, he added.

17. (C) The ONCB's Jinawat explained that, when the Burmese reached out directly to the Mae Fah Luang Foundation a few months ago to explore a resumption of cooperation, the Foundation asked the ONCB and Thai Foreign Ministry into the process because of "lessons learned" from the earlier project. He said he expected the two governments to sign an MOU governing any cooperation this time. The MFA's Jirusaya echoed this assessment. She said the Foundation's previous project was vulnerable to abrupt dismissal by Rangoon because it lacked RTG official backing. This time around the project would be carried out government-to-government, and the GOB would be unable to break an official agreement so easily.

Cutting Out the Wa?

¶8. (C) It is unclear what scale of project the GOB is seeking, our sources told us. The project would likely be located in areas south of Taunggyi in Shan State, where increased opium growth is reportedly a GOB concern. Additionally, our ONCB and Mae Fah Luang contacts believe Rangoon has chosen this new location over the prior Yong Kha site because the regime does not want to involve the Wa this time, given current tensions between Rangoon and the United Wa State Army.

PM Samak to Visit Burma in Early March

¶9. (C) Our MFA and ONCB sources told us Prime Minister Samak would travel soon to Burma, likely in early March. He will raise the crop substitution project with his Burmese counterpart, and possibly sign a bilateral MOU on counternarcotics cooperation that would include mention of the project.

Joint Field Trip to Australia?

¶10. (C) The Mae Fah Luang Foundation currently operates abroad in two locations, establishing a sheep bank alternative to opium production in Afghanistan, and conducting preliminary work aimed at reducing cannabis production in Indonesia's Aceh province. In March the Foundation plans to take its Afghan partners to Australia to study goat-breeding techniques. The Foundation has invited the GOB to send representatives to tag along; the Burmese have replied favorably.

What's in it for Thailand?

¶11. (C) The RTG's interest in pursuing Burma's proposal for crop substitution cooperation has several aspects, according to the ONCB's Jinawat:

- alternative crop substitution in northeastern Burma could mean less opium would be produced and transshipped into Thailand;
- the economic benefits to the local ethnic groups would presumably disincentivize criminal activity;
- the project would help build useful relations between Thai and Burmese drug and security agencies; and
- the development of Burma's rural areas would get at a root cause of economic migrant, crime, and human trafficking problems

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that flow across the border into Thailand.

Comment

¶12. (C) The royal family, utilizing the Mae Fah Luang Foundation and the separate Royal Projects Foundation sponsored by the King, has played a major role for over four decades in the country's success in developing economically viable and sustainable alternatives to opium cultivation in Thailand's portion of the Golden Triangle. Variations of these models are now being put to use in Afghanistan and Aceh. Resumption of the Mae Fah Luang Foundation's previous work in Burma could, even on a small scale, contribute to the dual goals of reducing illegal narcotics production and providing some relief to destitute ethnic groups in northeastern Burma. But real success will depend on the Burma regime being committed to the program and refraining from using the development project as a political tool to manipulate (or relocate) the ethnic groups.

¶13. (U) This cable was co-drafted with Embassy Bangkok and coordinated with Embassy Rangoon.

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